

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
W. R. GRACE & CO., et al., <sup>1</sup>	)	Case No. 01-01139 (JKF)
	)	Jointly Administered
Debtors.	)	

Date of Claims Settlement Notice: September 24, 2003  
Opposition/Response Deadline: October 14, 2003

EIGHTH CLAIM SETTLEMENT NOTICE

THIS NOTICE IS PROVIDED TO YOU PURSUANT TO THAT CERTAIN ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE (THE "BANKRUPTCY COURT") AUTHORIZING AND APPROVING AN OMNIBUS PROCEDURE FOR SETTLING CERTAIN CLAIMS AND CAUSES OF ACTION BROUGHT BY OR AGAINST THE DEBTORS IN A JUDICIAL, ADMINISTRATIVE, ARBITRAL OR OTHER ACTION OR PROCEEDING (THE "COURT ORDER"). YOU MUST ADHERE TO THE TERMS OF THIS CLAIMS SETTLEMENT NOTICE IN ORDER TO PROTECT YOUR RIGHTS. PLEASE READ THE FOLLOWING PROCEDURES CAREFULLY.

Pursuant to the Court Order, the Debtors must provide notice to the Negative Notice Parties (as defined herein) of any settlement with a value that equals or exceeds \$50,000, but does not exceed \$1,000,000. Such notice must include the terms of the settlement and the Debtors' basis for its belief that each settlement is fair and reasonable. If the terms set forth in

---

<sup>1</sup> The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co.-Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (f/k/a Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation, W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc., Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (f/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc., E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

this notice are not objected to in writing by any of the Negative Notice Parties within twenty (20) days after the date of transmittal of such written notice, the Debtors may enter into, execute and consummate a written agreement of settlement that will be binding on them and their estates three (3) days after the submission to the Bankruptcy Court by the Debtors of a certificate of no objection with respect to such settlements. **In no event, however, will a settlement executed by the Debtors in accordance with the Court Order provide for any monetary payments to be made by the Debtors from property of their estates to or on behalf of a settling party on account of any claims owing or arising prior to April 2, 2001, the date the Debtors filed their petitions for relief under title 11 of the United States Code.** Such claims shall be satisfied in accordance with such further orders of the Bankruptcy Court or in accordance with the Debtors' plan of reorganization.

Attached hereto as Exhibit A is the summary of the claim (the "Claim") which certain of the above captioned debtors and debtors in possession (collectively, the "Debtors") seeks to settle pursuant to the procedures approved by the Court Order. This Claim involves the settlement of a suit filed by W. R. Grace & Co. – Conn. ("Grace") and its Italian subsidiary, W. R. Grace Italiana S.p.A. ("Grace Italiana"), against two Italian companies, Foreco S.R.L. and Forestali S.p.A., in the Tribunal of Milan for unfair competition and patent infringement and the payment of the sum of \$1,242,000 to Grace Italiana and \$62,000 to Grace.

If you oppose the settlement of the Claim, you must follow the procedures delineated below. Please note that objections, oppositions or comments to the procedures set forth herein shall not be deemed an objection to the settlement of the Claim and will, therefore, not be considered.

Objection Procedures:

If you object to the settlement of the Claim, you **MUST** serve on the parties listed below (collectively, the "Negative Notice Parties") a written objection to this Claim Settlement Notice. All objections and responses must be received by the Negative Notice Parties at the facsimile numbers set forth below no later than twenty (20) days after the date of this notice, October 14, 2003 at 4:00 p.m. (E.S.T.).

If a timely objection is not received by the Negative Notice Parties and Debtors' counsel, the Claim shall be deemed resolved without further notice or hearing of the Bankruptcy Court.

If a timely objection is received by the Negative Notice Parties and Debtors' counsel and a resolution to the objection cannot be reached among the parties, the Debtors will file a copy of the Claim Settlement Notice and your objection with the Court and will schedule a hearing to consider the Claim Settlement Notice. Unless otherwise ordered by the Court, if such objection is overruled or withdrawn, the settlement of the Claim shall be deemed to have occurred on the date the Court enters an order approving the Claim Settlement Notice.

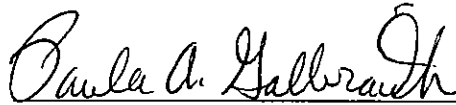
Any questions or comments regarding the foregoing procedures may be forwarded to  
Scotta McFarland of Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. at (302) 652-4100.

Dated: September 24, 2003

KIRKLAND & ELLIS LLP  
James H.M. Sprayregen, P.C.  
James W. Kapp III  
Janet S. Baer  
Christian J. Lane  
200 East Randolph Drive  
Chicago, Illinois 60601  
(312) 861-2000  
(312) 861-2200 (fax)

and

PACHULSKI, STANG, ZIEHL, YOUNG, JONES &  
WEINTRAUB P.C.



---

Laura Davis Jones (Bar No. 2436)  
Scotta E. McFarland (Bar No. 4184)  
Paula A. Galbraith (Bar No. 4258)  
919 North Market Street, 16<sup>th</sup> Floor  
P.O. Box 8705  
Wilmington, Delaware 19899-8705 (Courier 19801)  
Telephone: (302) 652-4100  
Facsimile: (302) 652-4400

Co-Counsel for the Debtors and Debtors in Possession

**DISTRIBUTION LIST/NEGATIVE NOTICE PARTIES**

**OFFICE OF UNITED STATES TRUSTEE**

United States Trustee's Office Attn: Frank Perch, Esq. U. S. Department of Justice 601 Walnut Street Curtis Center, Suite 950 West Philadelphia, Pennsylvania 19106	<b>FAX: (302) 573-6497</b>
--	----------------------------

**COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS'**

Stroock & Stroock & Lavan LLP 180 Maiden Lane New York, New York 10038-4982 Attn: Arlene G. Krieger, Esq.	<b>FAX: (212) 806-6006</b>
--	----------------------------

**COUNSEL TO THE OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS**

Caplin & Drysdale 399 Park Avenue, 36 <sup>th</sup> Floor New York, New York 10022 Attn: Elihu Inselbuch	<b>FAX: (212) 644-6755</b>
Caplin & Drysdale One Thomas Circle, N.W. Washington, District of Columbia 20005 Attn: Peter Van N. Lockwood	<b>FAX: (202) 429-3301</b>
Campbell & Levine Chase Manhattan Centre 15th Floor 1201 North Market Street Wilmington, Delaware 19801 Attn: Matthew G. Zaleski	<b>FAX: (302) 426-9947</b>

**COUNSEL TO THE OFFICIAL COMMITTEE OF PROPERTY DAMAGE CLAIMANTS**

Bilzin Sumberg Dunn Baena Price & Axelrod LLP First Union Financial Center 200 South Biscayne Boulevard Suite 2500 Miami, Florida 33131 Attn: Scott L. Baena	<b>FAX: (305) 374-7593</b>
--	----------------------------

**COUNSEL TO THE DIP LENDER**

Latham & Watkins Sears Tower, Suite 5800 Chicago, IL 60606 Attn: Douglas Bacon	<b>FAX: (312) 993-9767</b>
---	----------------------------

**COUNSEL TO THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS**

Kramer Levin Naftalis & Frankel 919 Third Avenue New York, New York 10022 Attn: Thomas Moers Mayer Gary M. Becker	<b>FAX: (212) 715-8000</b>
---	----------------------------

**CO-COUNSEL TO THE DEBTORS**

Kirkland & Ellis 200 East Randolph Drive Chicago, Illinois 60601 Attn: James H.M. Sprayregen James W. Kapp III, Esq.	<b>FAX: (312) 861-2200</b>
Pachulski, Stang, Ziehl, Young & Jones, P.C. 919 N. Market Street, 16 <sup>th</sup> Floor P.O. Box 8705 Wilmington, Delaware 19899-8705 (Courier 19801) Attn: Scotta McFarland, Esq.	<b>FAX: (302) 652-4400</b>

W.R. Grace & Co.-Conn. et al.  
District of Delaware, Bankruptcy Case No. 01-01139

Exhibit A

Debtor:	Settling Parties:	Description of Settlement
W. R. Grace & Co. – Conn. (“Grace”)	Foreco S.R.L. and Forestali S.p.A.; Grace and W. R. Grace Italiana S.p.A. (“Grace Italiana”)	<p>In November 1993, Grace and its Italian subsidiary, Grace Italiana, filed suit in the Tribunal of Milan for unfair competition and patent infringement against two Italian companies, Foreco S.R.L. and Forestali S.p.A., First Civil Session No. 13607/93. The gravamen of the action is that three former employees of Grace Italiana started a competing can sealant business, Foreco, using trade secrets misappropriated from Grace Italiana. Foreco was also believed to be infringing certain patents owned by Grace, which Grace licensed to Grace Italiana. Foreco’s parent, Forestali, was also sued.</p> <p>In a decision dated March 2, 2000, the court found that the defendants misappropriated trade secrets of Grace Italiana and that certain products of the defendants infringed certain patents of Grace licensed to Grace Italiana, and an expert was appointed to determine the damages. This expert died shortly before rendering a report to the court, necessitating another expert to be appointed by the court. This expert has not yet rendered its final report and due to the long pendency of the action the parties began good faith settlement negotiations approximately two months ago. The parties have now reached a settlement agreeable to the parties. In order to compensate Grace Italiana for loss of profits, the defendants will pay to Grace Italiana the sum of \$1,242,000. In addition, the defendants will pay Grace \$62,000 as compensation to Grace for infringement of its patents.</p> <p>The settlement is considered fair and reasonable because (i) the amount of damages calculated by Grace’s expert using the criteria set forth by the court appointed expert is close to the settlement amount; (ii) it ends the case and avoids the cost of further appeals and new damage expert’s fees, and (iii) Grace is sufficiently protected from future violations of its intellectual property involved in the litigation by undertakings given by the defendant parties in the settlement agreement.</p>